

MEMORANDUM FOR: Director of Logistics

VIA : Chief, Procurement Division

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FROM :
Contracting Officer

SUBJECT : ADSTAR Project

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Reference : DO/IMS dated 28 September 1981

1. Attachment 1 hereto was prepared to assist in the understanding of how the ADSTAR system is broken down into priced elements as well as the associated funding and perceived percent of completion of the various elements.

2. The contract was effected 30 September 1977 and was to be completed 30 May 1979; Hardware maintenance is a seven (7) year requirement elective at our option.

The exercise of option 1 (Amendment 2) extended the delivery to 31 October 1979. The exercise of option II (Amendment 5) acknowledged schedule slip and extended the contract to 28 February 1981. On 29 June 1981, Amendment No. 11 was issued to revise the schedule once again (see attachment 2). The final schedule date which is pertinent to the DDO subsystem is 14 April 1982; that date, at this writing, is still valid and it is not in serious jeopardy.

3. The contractor was missing interim milestones in the process of getting to the delivery of items 3 and 4 of the contract (see Amendment No. 11 - attached) and he was forewarned (see attachment 3 - a compilation of letters). The best estimate of the delivery date for items 3 and 4 at this time is late December 1981. That does not mean that item 5 (the DDO/IFS subsystem) slips a linear amount. There is an ECP outstanding relative to the IFS design and there may be schedule impact associated with the ECP. It is conceivable that the April 1982 date for IFS will change based on the engineering changes. But the DDO, representative will be actively involved, knowledgeable of and a party to that change; They were involved in the process of requesting the change.

4. There are problems, the primary one being that the contractor chose a superlative design embodied in a single output device - the Hard/Soft Copy Device (HSD). This one device provides both hard and soft copy capability remotely with a resolution of 200 lines per inch. The user will be able to retrieve a single page out of 1.2 million pages in 15 seconds - printed and in his hand! The next page of the same document is retrievable in 2 seconds. This capability simply doesn't exist anywhere else.

The problem we are currently wrestling with is establishing mutual agreement upon what is considered legible for test purposes. It has come to pass that the target specified in the contract and originally intended for this purpose is not all that well suited for it. New targets have been devised and the definition of what is determined legible is being revised. This in reality is a negotiation of what is acceptable and it has long term maintenance ramifications. This negotiation is going on between Chief, Special Projects Staff and [redacted] the Chief Executive Officer of [redacted] Both the COTR and C.O. are supporting this process. Closure on this issue is anticipated this week (by October 9).

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5. After the legibility criteria are agreed to, the contractor will be given the approval to deliver the final equipment items to Headquarters and finish installation. Upon receipt of a new test target (anticipated no later than 23 October 1981), Factory testing will again take place only this time it will occur in Headquarters. [redacted] intend to witness this testing. The acceptability of the product from the equipment will be determined at that time. Provided the product is acceptable and provided the contractor is successful in passing the 30 day performance testing of the system, Final Acceptance is anticipated late December. If this all occurs as planned the contractor will be 3 months late from the revised contractual delivery date for items 3 and 4.

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6. I recommend no contractual action at this time other than possibly revising the schedule, when appropriate, and close monitoring of progress. I feel default at this point is ill advised; It is counterproductive as a means of ever achieving an ADSTAR system. It is premature given our technical knowledge of the contractor's progress and it is action not befitting a potential 3 month slip to the current contractual delivery schedule. However, given the sensitivity of DDO relative to delays, we remain open to any alternative course of action. If default is a viable option, now is the time to pursue it. The contractor has missed the 30 September 1981 contractual due date and only 6 days have passed (at this writing).

7. Given the issue of the new test target, I feel the maximum we are at risk relative to a counter claim is 3 months of time. That risk is minimal when compared to the risk associated with being able to successfully pursue a default action. Even if we succeeded in the default action, the reprocurement of ADSTAR may not be successful and if successful, it certainly would delay delivery another year or two. STAT

Contracting Officer

CONCUR:

ADSTAR Program Manager

7 October 1981
Date

Chief, Special Projects Staff/ODP

Date

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